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FRESNO FINANCIAL PLANNER PLEADS GUILTY TO CONSPIRING TO SELL FRAUDULENT SECURITIES

FRESNO, Calif.—United States Attorney McGregor W. Scott announced today that STEPHEN EARL PROUT, 58, of Fresno, California, pleaded guilty yesterday before United States District Judge Oliver W. Wanger to conspiring to sell fraudulent securities.

This case is the product of an extensive investigation by the FBI.

According to Assistant United States Attorneys Stanley A. Boone and Sheila K. Oberto, who are prosecuting the case, PROUT admitted that between February 1998 to August 2001, he and co-defendants NORMAN MOLYNEUX of Fountain Valley, Calif., and CLYDE ARTHUR STROHL of Fresno, conspired to defraud a number of victims of hundreds of thousands of dollars associated with their scheme to sell unregistered securities to elderly victims. PROUT admitted that he sold two illegal securities programs entitled “Senior Guardians” and “Freedom in Finance” during this period by promising his victims between a one to two percent monthly rate of return. In an elaborate “Ponzi” type scheme, the monies taken in by the defendants were then used to pay themselves high commissions and then to pay investors a monthly rate of return that investors believed were from their investment. The financial scheme eventually collapsed and hundreds of victims lost millions of dollars. MOLYNEUX died in November 2006, and STROHL is awaiting a competency hearing.

PROUT faces up to five years in prison and a fine of up to \$250,000. The actual sentence, however, will be determined at the discretion of the court after consideration of the

Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors. Sentencing for PROUT is set for September 8, 2008.

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